

ORGANIZATION OF CALIFORNIA COMMON INTEREST DEVELOPMENT ASSOCIATIONS

Most **common interest development associations** are formed as nonprofit mutual benefit corporations. For that reason the attached sample was prepared pursuant to the Mutual Benefit Corporation Law (California Corporations Code Section 7110, et seq.) with the additional language required by Civil Code Section 1363.5. The attached sample has been drafted to meet minimum statutory requirements and may be used as a guide in preparing documents to be filed with the Secretary of State to incorporate. It is, however, suggested that you seek private counsel for advice regarding the proposed corporations specific needs, which may require the inclusion of special permissive provisions.

PLEASE NOTE: Nonprofit corporations are subject to California corporation franchise tax requirements until such time as they formally dissolve **unless** a determination of exemption is issued by the Franchise Tax Board. Application for a determination of exemption must be made **after incorporation** by mailing the attached Exemption Application (FTB Form 3500), along with an endorsed copy of the Articles of Incorporation and any other supporting documentation, to the Franchise Tax Board, Post Office Box 942857, Sacramento, California 94257-4041. FTB Form 3500 can be obtained from the Franchise Tax Board by calling 1-800-338-0505 or you can download the form from Franchise Tax Board's Internet Website at <http://www.ftb.ca.gov>. For information regarding state tax exemption, contact the Franchise Tax Board at (916) 845-4171. Questions regarding franchise tax requirements must be directed to the Franchise Tax Board.

THE FEE FOR FILING ARTICLES OF INCORPORATION FOR A NONPROFIT, NONSTOCK COMMON INTEREST DEVELOPMENT CORPORATION IS \$30.00.

The original and at least three copies of the Articles of Incorporation should be included with your submittal. The Secretary of State will certify two copies of the filed Articles of Incorporation without charge, **provided that the copies are submitted to the Secretary of State along with the original to be filed.** Any additional copies submitted with the original will be certified upon request and payment of the \$8.00 per copy certification fee.

A \$15.00 special handling fee is applicable for expedited processing of documents delivered in person at the public counter in the Sacramento Headquarters Office or in any of the branch offices located in Fresno, Los Angeles, San Diego and San Francisco. The \$15.00 special handling fee must be submitted by separate check and will be **RETAINED WHETHER THE DOCUMENTS ARE FILED OR REJECTED.** The special handling fee does not apply to documents submitted by mail to the Sacramento office.

When forming a new corporation you may need to contact one or more of the following agencies for additional information:

- ◆ The Franchise Tax Board - for information regarding **exemption** and/or **Franchise tax requirements.**
- ◆ The Board of Equalization - for information regarding **sales tax** and/or **use tax** liability.
- ◆ The Department of Justice - for information regarding **charitable trust** requirements.
- ◆ The Employment Development Department - for information regarding **disability unemployment insurance tax.**
- ◆ The Director of Industrial Relations, Division of Worker's Compensation - for information regarding **workman's compensation** requirements.
- ◆ The city and/or county clerk and/or recorder where the principal place of business is located - for information regarding business licenses, fictitious business names (if doing business under a name other than the corporate name), and for specific requirements regarding zoning, building permits, etc. based on the activities of the corporation.

- ◆ Internal Revenue Service (IRS) - for information regarding **federal employee identification numbers**.

The Secretary of State does not license corporations or business entities. For licensing requirements, please contact the city and/or county where the principal place of business is located and/or the state agency with jurisdiction over the activities of the organization.

Documents can be mailed or hand delivered for over the counter processing to the Sacramento headquarters office at:

Business Programs Division (916) 653-2318
1500 11th Street
Sacramento, CA 95814
Attention: Document Filing Support Unit

OR

can be hand delivered for over the counter processing to any of the branch offices located in:

- ◆ Fresno (559) 243-2100
2497 West Shaw, Suite 101
Fresno, CA 93711
- ◆ Los Angeles (213) 897-3062
The Ronald Reagan Building
12th Floor South Tower, Suite 12513
300 South Spring Street
Los Angeles, CA 90013-1233
- ◆ San Diego (619) 525-4113
1350 Front Street, Suite 2060
San Diego, CA 92101-3690
- ◆ San Francisco (415) 557-7047
455 Golden Gate, Suite 7300
San Francisco, CA 94102-3660

- NOTE:**
- Cash is not accepted in the Los Angeles or San Diego branch offices.
 - Duplicate original documents must be submitted when filing in any of the branch offices.
 - Branch offices do not process mailed in documents.

INSTRUCTIONS:

To incorporate you may prepare documents following the sample provided. Documents are to be typed on one side of the paper only, with letters in dark contrast to the paper. Documents submitted which would produce poor microfilm will be returned unfiled. Articles of Incorporation may be drafted to include all required provisions and any statutorily permissive provisions, including initial directors. The Secretary of State does not have samples containing permissive provisions.

Article I - is to be completed with the name of the corporation exactly as the name is to appear on the records of the Secretary of State.

Article II A -has been taken directly from the California Corporations Code as is required by law and should not be modified when drafting documents.

Article II B - is to be completed with a statement as to the specific business of the corporation.

Article III - is to be completed with the name and California address, or physical location, of the agent for service of process. The designated agent, individual or corporation, **must** agree to accept process on behalf of the corporation prior to designation. A proposed corporation cannot designate itself as agent for service of process. When designating another corporation as agent, the agent corporation **must** have on file, with the Secretary of State, a statement pursuant to Section 1505, California Corporations Code. When a corporate agent is used, the address of the designated corporation is not to be included in the articles.

ARTICLES IV-VI ARE REQUIRED STATEMENTS PURSUANT TO SECTION 1363.5, CIVIL CODE

Article IV - is a required statement when forming a common interest development corporation.

Article V - is to be completed by marking 1, or 2. If the association has a business or corporate address (1), the address is to be stated. 1. is then to be completed by marking the applicable sentence regarding whether or not the office is on site. If the office is not on site, then the zip code and cross street information is to be completed.

Article VI - is to be completed by marking 1. or 2. If marking 1. it will be necessary to complete the paragraph with the name and address of the association's managing agent.

Article VII - are statements required by the Franchise Tax Board to be included in the Articles of Incorporation before exemption will be granted.

The Articles of Incorporation must be originally signed by an incorporator unless directors are named in the articles. If directors are named in the articles, each person named must sign and acknowledge the document. The name(s) of the person(s) signing must be typed directly below the signature(s).

The original and at least two copies of the completed documents are then mailed or hand delivered to the Secretary of State, together with the applicable fee. (If documents are to be filed in the San Francisco, Fresno, Los Angeles or San Diego office, a duplicate original is also required).

To expedite processing, Articles of Incorporation submitted by mail should be accompanied by a self-addressed envelope and a letter referencing the proposed corporate name as well as your own name, telephone number and return address.

ARTICLES OF INCORPORATION

I

The name of this corporation is (NAME OF CORPORATION).

II

A. This corporation is a nonprofit **MUTUAL BENEFIT CORPORATION** organized under the Nonprofit Mutual Benefit Corporation Law. The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under such law.

B. The specific purpose of this corporation is to _____.

III

The name and address in the State of California of this corporation's initial agent for service of process is:

Name _____

STREET Address (DO NOT USE POST OFFICE BOX)

City _____ State **CALIFORNIA** Zip _____

IV

This corporation is an association formed to manage a common interest development under the Davis - Stirling Common Interest Development Act.

The address of the business or corporate office of the association is _____
_____. This office is on site.

OR

The address of the business or corporate office of the association is _____
_____. This office is not on site. The
nine-digit zip code of the common interest development is _____.
The nearest cross street to the common interest development is _____
_____.

OR

The association has no business or corporate office.

NOTE: Use only one of the three statements! DO **NOT** USE ALL THREE STATEMENTS.

VI

The name and address of the association's managing agent is _____
_____.

OR

The association has no managing agent.

VII

Notwithstanding any of the above statements of purposes and powers, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purposes of this corporation.

(Signature of Incorporator)

(Typed Name of Incorporator), Incorporator

NOTE: Use
only one of the
two statements!
DO **NOT** USE
BOTH
STATEMENTS.
